



United States Senator  
**Richard Shelby**  
REPORTS TO ALABAMA



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**TAX FREEDOM DAY:  
TAXPAYERS WORKED 130-DAYS JUST TO PAY TAXES**

While we don't need another reminder that taxes are too high, we have one: Tax Freedom Day—the date to which Americans work each year just to pay taxes. This year, Tax Freedom Day arrived on May 10, 130-days into the year, and the latest Tax Freedom Day in our nation's history.

According to the Washington, D. C.-based Tax Foundation, a nonprofit, nonpartisan research and public education organization, the days Americans spent laboring in 1998 are divided as follows: 45-days to pay individual income taxes; 38-days to pay social insurance taxes; 18-days to pay sales and excise taxes; 12-days to pay property taxes; 13-days to pay corporate income taxes; 1-day to pay other business taxes; and 2-days to pay all other taxes.

Since 1993, Tax Freedom Day has occurred later and later, and has in fact, increased by about 10 days. Economists attribute the increase to two factors: the first, federal tax increases that were enacted during the first years of the Clinton Administration; and the second, continued economic expansion which, because of the structure of the current tax system, fills government accounts faster than Americans' pockets. Unfortunately, this trend will continue without comprehensive reform of the current tax system.

Our current tax code is inherently unfair, punishes individuals who save and invest, and is extremely complex.

Under our current system, if an individual saves and invests income, he/she is taxed on that investment income. This double, and in some cases, triple taxation hinders capital formation because it penalizes people who save and invest their income, rather than consume it. Even when the economy is relatively strong, Americans still cannot get ahead of the tax man. His share of the taxpayer's earnings continues to be disproportionate to actual income earned, particularly when you consider the billions of dollars wasted on compliance costs.

I believe the best way to counter the tax man and to roll back Tax Freedom Day is to fundamentally change the system, replacing it with a system that taxes income once and only once at its source.

Recently, the Senate passed the IRS Reform Bill. While I supported this effort which will provide much needed relief to innocent taxpayers who are repeatedly punished at the hands of overzealous IRS agents and a bloated bureaucracy gone awry, I am disappointed that this bill did not attempt to address the root of our problems with the IRS. No amount of quick fixes will stop the IRS from taking more and more of the American paycheck. The IRS is a product of the tax code. Those who say we need only reform the IRS are missing the point. It is the system, our very tax code, that must be reformed.

I believe the Armey-Shelby Flat Tax is the most equitable replacement for our current tax code. Its simplicity would eliminate thousands of IRS Code pages, billions of manpower hours spent preparing and filing income tax forms, and billions of dollars wasted in lost labor and income that is taxed over and over again. The flat tax, which would be completed on a form the size of a postcard, would tax income only once at its source.

We really cannot talk about tax freedom without discussing an alternative Federal revenue collection system that is built on the notion of freedom. The Armey-Shelby Flat Tax is such a system. Not only does it address many of the limitations and burdens that exist in our current system, but also and most importantly it was created around the notion that the average American taxpayer knows how to spend his or her hard-earned dollars better than bureaucrats in Washington, D. C.

Until Congress and the Administration wake up and realize that it is the tax code that is the problem, we will not realize real tax relief regardless of the number of tax relief measures we pass. Like using a Band-Aid to cover a bullet wound, quick fixes to our nation's tax code problems provide little relief. Our tax code needs complete overhaul, a new look and a new attitude toward the American taxpayer.

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